

## Message Text

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73

ACTION XMB-07

INFO OCT-01 EUR-25 ISO-00 SS-20 TRSE-00 EB-11 COME-00

AID-20 INT-08 FPC-01 AEC-11 ACDA-19 CIAE-00 INR-10

IO-14 L-03 NSAE-00 NSC-10 RSC-01 SCI-06 SCEM-02 DRC-01

/170 W

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R 141828Z DEC 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9294

INFO AMCONSUL DUSSELDORF

AMEMBASSY VIENNA

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PASS UNDER SECRETARY CASEY: EXIM BANK, TREASURY;  
PASS COMMERCE FOR INFO ATTENTION: BIC DAVID H. BAKER  
VIENNA PASS MR. DIETZ

E.O. 11652: N/A

TAGS: BCOM, GW

SUBJECT: RWE APPLICATION FOR EXIM BANK PRELIMINARY  
COMMITMENT ON NUCLEAR POWER PLANT FINANCING

REF: (A) BONN 17530, (B) BONN 7773, (C) BONN 17966

1. THE RHINE-WESTPHALIA ELECTRIC COMPANY IS REQUESTING EXIM BANK TO ISSUE A NEW PRELIMINARY COMMITMENT FOR FINANCING A 1200 MEGAWATT NUCLEAR POWER PLANT. THIS PC, IF ISSUED BY THE BANK, WOULD REPRESENT A RENEWAL OF THE 1972 PC WHICH RWE WAS PRECLUDED FROM USING BECAUSE OF BARDEPOT RESTRICTIONS. THE PC IS BEING REQUESTED TO COVER THE ENTIRE POSSIBLE RANGE OF US GOODS AND SERVICES INCLUDING THE INITIAL FUEL CORE, ESTIMATED AS A POTENTIAL US EXPORT TOTALLING UP TO 125 MILLION DOLLARS.

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2. ONE MAJOR OBSTACLE TO UTILIZATION OF EXIM FINANCING

WAS REMOVED IN MAY 1973 WHEN THE FRG AMENDED THE BARDEPOT ORDINANCE TO ALLOW FINANCING OF PROGRESS PAYMENTS (REF B). ANOTHER MAJOR OBSTACLE MAY BE REMOVED NEXT MONTH AS THE BARDEPOT ORDINANCE WILL PROBABLY BE CHANGED TO EXEMPT FROM THE BARDEPOT (AND RELATED LICENSING REQUIREMENTS) "COMMERCIALLY CUSTOMARY" FINANCIAL CREDITS WHICH ARE TIED TO AN FRG IMPORT BUT WHICH ARE NOT GRANTED DIRECTLY BY THE SUPPLIER (REF A).

3. THE QUESTION STILL REMAINS WHETHER THE 20-YEAR REPAYMENT PERIOD (INCLUDING 5 YEARS GRACE) WOULD BE ACCEPTED AS "COMMERCIALLY CUSTOMARY" AND THEREFORE EXEMPT FROM THE BARDEPOT. THIS QUESTION MUST BE TESTED BY AN ACTUAL APPLICATION FROM THE PROPOSED BORROWER (RWE) TO THE BUNDESBANK, VIA THE LANDESZENTRALBANK IN DUESSELDORF.

4. THE EMBASSY AND CONSUL GENERAL HENNEMEYER ARE PREPARED TO PROVIDE STRONG SUPPORT FOR THE RWE APPLICATION (AT THE BUNDESBANK AND THE LANDESZENTRALBANK RESPECTIVELY) TO ASSURE UNRESTRICTED UTILIZATION OF ALL CREDIT TERMS OFFERED BY EXIM BANK FOR NUCLEAR GENERATING EQUIPMENT AND FUEL.

5. THE POTENTIAL MARKET FOR NUCLEAR POWER GOODS AND SERVICES IN GERMANY IS VERY SUBSTANTIAL. EVEN IF US SUPPLIERS MANAGE TO CAPTURE ONLY A QUARTER OF THIS MARKET, IT WOULD MEAN ANNUAL EXPORT SALES OF 100 TO 150 MILLION DOLLARS FOR THE PREDICTABLE FUTURE. THE PRESURE ON THE FRG TO DEVELOP NUCLEAR ENERGY SOURCES, COUPLED WITH THE LIKELIHOOD THAT THE GOVERNMENT WILL LIBERALIZE BARDEPOT REGULATIONS, MAKES THIS AN AUSPICIOUS TIME TO AGAIN ATTEMPT SIGNIFICANT MARKET PENETRATION WITH THE SUPPORT OF EXIM BANK FINANCING. I WOULD APPRECIATE IT IF YOU COULD THEREFORE GIVE THIS MATTER PRIORITY ATTENTION IN ORDER TO ASSURE A RAPID AND FAVORABLE ACTION ON THE RWE PRELIMINARY COMMITMENT.

6. COMMERCIAL COUNSELOR HIRSHBERG IS HAND-CARRYING THE RWE APPLICATION TO WASHINGTON AND WILL BE IN TOUCH WITH EXIM BANK ON DECEMBER 20. HE CAN ASSIST LIMITED OFFICIAL USE

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IN CONVEYING THE BANK'S INITIAL REACTION AND ANY QUERIES IMMEDIATELY TO THE FINANCIAL DIRECTOR OF RWE. CASH

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## Message Attributes

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